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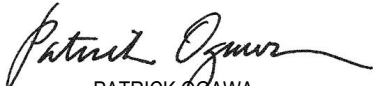


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# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

17 March 31, 2015

  
PATRICK OZAWA  
ACTING EXECUTIVE OFFICER

March 31, 2015

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

## **REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT (ALL DISTRICTS) (3 VOTES)**

### **SUBJECT**

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

### **IT IS RECOMMENDED THAT THE BOARD:**

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number LAC+USC – 15560107 \$5,000
- (2) Account Number LAC+USC – Various \$35,837

Patients who received medical care at non-County facilities:

- (3) Account Number EMS – 571 \$3,380
- (4) Account Number EMS – 572 \$17,666

Total All Accounts: \$61,883

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) – (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

Patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (3) - (4) are recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

## **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

## **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$61,883.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Funds.

Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: MARCH 31, 2015

<b>Total Gross Charges</b>	\$137,388	<b>Account Number</b>	15560107
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$137,388	<b>Date of Service</b>	11/1/2013 - 11/15/2013
<b>Compromise Amount Offered</b>	\$5,000	<b>% Of Charges</b>	4 %
<b>Amount to be Written Off</b>	\$132,388	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile vs. pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$137,388 for medical services rendered. The patient has Medicare and Medi-Cal but Medicare denied the claim since a third party liability was identified. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$5,000	\$1,303	9 %
<b>Lawyer's Cost</b>	\$53	\$53	1%
<b>LAC+USC Medical Center **</b>	\$137,388	\$5,000	33 %
<b>Other Lien Holders **</b>	\$32,250	\$8,644	57 %
<b>Patient</b>	-	-	-
<b>Total</b>	-	\$15,000	100 %

\* Attorney's fee was reduced from \$5,000 to \$1,303 to increase lien holder settlement.

\*\* Lien holders are receiving 90% of the settlement (33% to Los Angeles County and 57% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: MARCH 31, 2015

<b>Total Gross Charges</b>	\$89,574	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$89,574	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$35,837	<b>% Of Charges</b>	40 %
<b>Amount to be Written Off</b>	\$53,737	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$89,574 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$117,500, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$45,825	\$45,825	39 %
<b>Lawyer's Cost</b>	-	-	-
<b>LAC+USC Medical Center **</b>	\$89,574	\$35,837	30 %
<b>Other Lien Holders **</b>	\$53,923	\$25,105	22 %
<b>Patient</b>	-	\$10,733	9 %
<b>Total</b>	-	\$117,500	100 %

\* Attorney's fee of 39% was agreed upon in the retainer agreement between the patient and his attorney.

\*\* Lien holders are receiving 52% of the settlement (30% to Los Angeles County and 22% to others).

Based on DHS's outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: MARCH 31, 2015

<b>Total Charges (Providers)</b>	\$24,779	<b>Account Number</b>	EMS 571
<b>Amount Paid to Provider</b>	\$6,628	<b>Service Type / Date of Service</b>	Inpatient 8/17/13
<b>Compromise Amount Offered</b>	\$3,380	<b>% of Payment Recovered</b>	51 %

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at California Hospital Medical Center and incurred total inpatient gross charges of \$24,779 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$6,628. The patient's third-party claim has been settled for \$12,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$12,000)</b>
<b>Attorney fees</b>	\$4,000	\$4,000	33 %
<b>Attorney cost</b>	\$100	\$100	1 %
<b>Other Lien Holders *</b>	\$4,400	\$2,105	18 %
<b>Los Angeles County *</b>	\$24,779	\$3,380	28 %
<b>Patient</b>		\$2,415	20 %
<b>Total</b>		\$12,000	100 %

\* Lien holders are receiving 46% of the settlement (28% to Los Angeles County and 18% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 51% (\$3,380) of amount paid to California Hospital Medical Center.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: MARCH 31, 2015

<b>Total Charges (Providers)</b>	\$67,096	<b>Account Number</b>	EMS 572
<b>Amount Paid to Provider</b>	\$13,000	<b>Service Type / Date of Service</b>	Inpatient & Outpatient 10/10/13 - 10/11/13
<b>Compromise Amount Offered</b>	\$17,666	<b>% of Payment Recovered</b>	136%

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Hospital and incurred total inpatient and outpatient gross charges of \$67,096 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$13,000. The patient's third-party claim has been settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$100,000)</b>
<b>Attorney fees</b>	\$33,000	\$33,000	33 %
<b>Other Lien Holders *</b>	\$61,201	\$16,167	16 %
<b>Los Angeles County *</b>	\$67,096	\$17,666	18 %
<b>Patient</b>		\$33,167	33 %
<b>Total</b>		\$100,000	100 %

\* Lien holders are receiving 34% of the settlement (18% to Los Angeles County and 16% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 136% (\$17,666) of amount paid to Providence Holy Cross Hospital.